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C O N F I D E N T I A L SECTION 01 OF 02 ANKARA 000152

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TAGS: [PREL](#) [PGOV](#) [EFIN](#) [TU](#) [IZ](#)  
SUBJECT: TURKEY: CODEL DAVIS STRESSES COOPERATION IN THE  
REGION

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Classified By: DCM Nancy McEldowney for reasons 1.4 b & d.

11. (SBU) Summary: During their January 10 - 12 visit to Ankara, CODEL Davis met with Turkish Members of Parliament (MPs), officials from the Central Bank, Ministry of Foreign Affairs, and Treasury, and representatives from the Turkish Union of Chambers and Commodities Exchanges (TOBB), Turkey's leading business organization. CODEL Davis, which consisted of Reps. Lincoln Davis, Marsha Blackburn, Nikki Tsongas, John Barrow and Brad Miller, discussed Turkey's economy, EU accession process, banking and financial institutions, cooperation in Afghanistan, relations with Iraq, and Iran's nuclear program. In return, Turkish officials, especially MPs and MFA representatives, raised their concerns about the status of Kirkuk and House Resolution 106. The meetings reinforced the important and historical bilateral relationship between the U.S. and Turkey and raised awareness on both sides of the challenges facing policymakers. End summary.

Dinner with Turkish MPs Focuses on Politics in Iraq  
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12. (C) During a January 10 dinner with Turkish Parliamentarians, several MPs expressed concern to the Congressmen about the future of Kirkuk and the Turkmen minority there and how control of the oil-rich province will be decided. The Parliamentarians also raised House Resolution 106 and the repercussions the passage of such a resolution would have on U.S.-Turkish relations. The MPs also discussed the future of Iraq and the importance of battling the PKK there. Rep. Davis reinforced the message that no terrorist should feel safe anywhere in the world and that the U.S. is Turkey's ally in the fight against all terror, including that conducted by the PKK. CODEL Davis also raised U.S. concerns about Iran's nuclear program and urged the MPs to use their influence in the region to ensure that Iran does not gain nuclear weapons capabilities.

Central Bank, Treasury on Financial Services and Economy  
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13. (SBU) On January 11, CODEL Davis met with Central Bank Deputy Governors Mehmet Yorukoglu and Erdem Basci to discuss monetary and fiscal policy in Turkey. The delegation learned about the GOT's plan to move the Central Bank, Banking Regulatory and Supervisory Agency, Capital Markets Board, and two state-owned banks from Ankara to Istanbul in 2008. Basci told the delegation about Turkey's successful campaign to cut inflation from 70 percent down to 8.4 percent in just five years, and the structural reforms underway in the Parliament. The representatives and deputy governors compared the

Turkish and U.S. financial systems and found many similarities, especially in banking supervision, auditing, and the increased use of Internet banking in both countries. The delegation was also hosted by Treasury Under Secretary Ibrahim Canakci, who gave them an overview of structural reforms under way in Turkey. These include major changes in the social security system, labor regulations, and tax policy. During both meetings, the delegation learned of the delicate balancing act in Turkey to keep inflation pressure low, while still encouraging growth and expanded employment.

#### MFA Stresses Importance of Strengthening Cooperation

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¶4. (C) On January 11, CODEL Davis attended a luncheon hosted by MFA Deputy Under Secretary Unal Cevikoz that included representatives from the MFA's EU, Middle East, Caucasian Affairs and Americas Departments. They commented on the effectiveness of the U.S. troop surge in Iraq and its success in lowering daily attacks and casualties. They thanked the CODEL for U.S. support, including information sharing, for Turkey's cross-border operations into Northern Iraq to target PKK cells. Deputy U/S Cevikoz discussed the distinction between ethnic Kurds, who live peacefully within Turkey's borders, and the separatist PKK terrorist organization. Others stressed the importance to Turkey of a peaceful, stable, and unified Iraq and urged the CODEL members to work to find a political solution in Iraq by the end of 2008.

¶5. (C) On the issue of House Resolution 106 on Armenia, the MFA officials explained their historic ties with the country of Armenia. Turkey was the first to formally recognize the independent country of Armenia. They cautioned that actions by foreign governments on the Armenian question make it difficult for the Turkish Government to improve bilateral relations with Armenia. They cited PM Erdogan's call for a Turkish-Armenian historic foundation to research the issue and the Armenian Diaspora's lack of interest in such a

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process. They asserted that Armenian-Americans are causing the country of Armenia to suffer by refusing to allow Turkey and Armenia to handle the issue independently of the Diaspora's influence.

¶6. (SBU) CODEL Davis members urged the MFA officials to use Turkey's influence in the region to assist in not only securing a stable Iraq but also ensuring that Iran does not develop nuclear weapons capabilities. They recognized the important role that Turkey has played in Israeli-Palestinian relations and the role it can play in the deteriorating situation in Lebanon. They reiterated Turkey's strategic importance in NATO and in international politics and committed to continued cooperation.

¶7. (U) CODEL Davis did not have an opportunity to clear this cable.

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